

CHAPTER 4. IMPLEMENTING THE GPRA

GOAL: *Implement the Government Performance and Results Act as a driving force toward establishing a results orientation within the federal government.*

The Department of the Interior continues to make progress in implementing the Government Performance and Results Act (GPRA). GPRA has become a driving force toward establishing a results orientation within the federal government. The Congress, the Administration, and taxpayers want greater accountability in the management and operation of federal programs and GPRA is a key step toward achieving this goal.

Improving GPRA Implementation

GPRA requires agencies to develop strategic plans that elaborate the mission, outcomes, and results that agency programs are dedicated to achieving. Further, the Act requires that agencies set annual performance goals that will reflect progress toward outcomes, measure performance against goals, and report annually on accomplishments. The Department fully supports the principles embodied in the GPRA.

Interior has gone through two complete cycles of strategic planning, annual planning, and annual performance reporting. During FY 2000, the Department prepared a Revised Strategic Plan covering FY 2000 to FY 2005. As each stage in the GPRA cycle is completed, the Department is learning and improving, continuing to build the performance measurement infrastructure, developing more results-oriented goals, and monitoring progress toward meeting performance targets. Interior recognizes that much needs to be done before the Department will have a fully effective performance management system in place. During FY 2001 the following improvements were made:

- Applied a standard, clear, concise format for GPRA plans that resulted in reader-friendly documents and facilitated their use.
- Tested self-assessment tools for verification and validation of performance data across the Department.
- Applied organizational self-assessment tools that will improve program operations and efficiency.
- Strengthened and reduced the number of goals and measures in GPRA plans and presented the GPRA documents in clear, concise formats.

The Department continued to be an active member of the National Academy of Public Administration's (NAPA) GPRA Consortium, working cooperatively with other agencies on common performance management issues.

Interior has coordinated the GPRA planning activities through its Performance Management Council, which consists of the senior planning officials from the bureaus, as well as representatives from the Department's planning, budget, finance, human resources, and information management offices. This team approach has enabled Interior to build a broad-based departmental infrastructure to implement performance management.

FY 2001 Accomplishments

- ***FY 2000 Annual Performance Report (APR):*** FY 2000 was the second year the Department operated under a GPRA annual performance plan, the results of which were presented in Interior's Annual Performance Report, which was submitted to Congress in April 2001. Interior again combined the FY 2000 APR with the Annual Performance Plan (APP) so that readers would be able to see in one document results for the past year along with proposed performance for the coming year. The results for FY 2000 show that 70 percent of 242 performance measures were accomplished departmentwide, and that substantial progress was made toward meeting the remaining goals. For goals that were not achieved, the APR explained why the goals were not met and outlined strategies to meet future targets.
- ***FY 2002 Annual Performance Plan :*** The FY 2002 APP and FY 2000 APR accompanied the FY 2002 President's Budget which was submitted to Congress in April 2001. The FY 2002 APP featured several improvements over the FY 2001 plan. The number of goals tracked were reduced, goals became more outcome-oriented, and, where possible, crosswalk tables were presented that linked intended performance to budget accounts and subaccounts. Each plan used the same format and presentation so that a reader could easily navigate between documents. The Departmental Overview included representative bureau goals as well as crosscutting program goals, all linked to the Department's strategic goals to create a "highlights" view of Interior's performance.

Ongoing and Planned Activities

- ***FY 2001 Accountability Report:*** Interior continues to include selected high-level performance indicators in the Department's Accountability Report and bureau annual reports. Consideration is also being given to how GPRA reports might be combined with future Accountability Reports to link financial and performance accountability.
- ***Data Verification and Validation:*** Data verification and validation assessment tools have been applied in a series of bureau pilots during the summer of 2001 to further refine the Department's ability to evaluate data collection and reporting systems for performance measurement data.
- ***Senior Executive Service (SES) Performance Standards:*** Interior's planning and human resource offices are collaborating on how best to include performance results as part of each SES manager's performance appraisal. The policy will address GPRA and performance appraisal cycles, and how to include organizational results and balanced measures. During 2001, SES performance recognition will be based, in part, on senior executive's accomplishments in performance elements that support their organization's relevant GPRA goals.

- *Coordination with Office of Inspector General (OIG):* Because the OIG has been called upon to review and assess GPRA documents and performance, the planning and OIG offices have established regular meetings to explore the OIG role in the GPRA process, provide direct access to performance information, resolve procedural issues, and establish protocols for including GPRA performance in entrance conferences for audits. The OIG also participated in the development of data validation and verification criteria that were tested in Interior bureaus during July and August, 2001.
- *FY 2003 Annual Performance Plan/FY 2001 Annual Performance Report:* Interior's FY 2001 Annual Performance Report is due to Congress and the President no later than March 29, 2002. However, the FY 2003 APP and FY 2001 APR will again be combined and will be submitted with the budget justification in February 2002. The document will include any revisions to the FY 2002 performance goals resulting from final enactment of the FY 2002 budget. Departmental guidance on the combined document is being issued.
- *Development of Common Goals:* Interior's Planning Office is working with bureau staff to select several performance goal areas that are common to two or more bureaus. These are not crosscutting goals, but rather, are goals that each bureau has that are achieved independently, but also address the same or similar resources and rely on the same strategies. With minimal revisions, similar goal language and performance measures can be established that will allow the accomplishments of multiple bureaus to be summed and presented in the Departmental Overview as an accomplishment toward one of Interior's six strategic goals.
- *Strategic Planning in a New Administration:* The new Administration has indicated its intention to use the strategic planning process to help establish, communicate, and promote its agenda and policies for the Department. This will include preparation of a new strategic plan ahead of the next scheduled revision in FY 2003, and possible interim adjustments to the strategic plan using the FY 2003 annual performance plan. The new plan is expected to be a more unified, departmentwide approach that will recognize the interrelated nature of bureau missions and activities.
- *GPRA Performance Tracking System:* The GPRA requires agencies to provide the Office of Management and Budget and Congress with a report on its accomplishments, goals, and targets established in the past fiscal year. The Department has implemented an Access-based system to capture GPRA performance information to meet the GPRA reporting requirements on a departmentwide basis. The Department's Access database is being used to collect quarterly performance measurement information and is the basis for mid-term evaluations of progress in achieving GPRA goals. The system also supports data collection requirements for the Annual Accountability Report.

Improving Budget and Performance Integration

One of the key objectives of GPRA is to help Congress, OMB, agency executives and managers develop a clear understanding of what is being achieved in relation to what is being spent. Linking planned performance with budget requests and financial reports is an essential step in building a culture of performance management. Such an alignment brings performance expectations into budgetary deliberations, prompting any organization to reassess its performance goals and strategies and more clearly understand the cost of performance.

To accomplish the integration of budget and performance, the Department is taking the following steps:

Planned Activities

- *Linking Performance Structures and Budget Framework:* An initial step in integrating performance structures is the strategy of consolidating, aggregating or disaggregating the budget program activities into component parts and applying performance goals and indicators to those parts. These re-assembled groups have been termed by OMB as GPRA program activities and have been used by Interior's bureaus and offices since 1998.

The association of budget authority with GPRA program activities is based on detailed program operations knowledge, historical spending, anticipated program changes, and knowledge of direct program costs. Consistent with efforts to link budgetary resources to GPRA program activities, the bureaus have reflected the cost of performance in the statements of net cost presented in their annual financial statements. This is an iterative and evolving process. The bureaus are continuously developing ways to better capture the cost of performance.

The second step to forging a closer link between plans and budgets can be seen in efforts to show the performance consequences of requested levels of incremental funding for annual performance goals accompanying the President's budget request. The FY 2001 and FY 2002 annual performance plans produced initial steps in connecting incremental funding changes to performance results, at least at mission goal levels. The annual performance plan goal targets are set based on the funding expected to be available to achieve the goals and are consistent with the amounts shown in the bureau's budget request to OMB and the Congress and modified to reflect final congressional action on the budget request. As goals are being set, decision makers can determine whether the goals are appropriate and whether the expected level of performance is sufficient to justify the incremental change in federal expenditure and effort.

- *Improving Cost Reporting:* A final step in appraising performance results is to understand the cost of performance. The Department is expanding the use of Activity Based Costing (ABC) to achieve this objective. ABC is a management tool that attempts to ensure that every cent spent by an organization, including direct and overhead costs, is allocated to products or services in order to identify the cost to the organization of delivering those products or services. An ABC system gives visibility to how effectively resources are being used and how all activities contribute to the cost of a product. Information produced is used to compare costs, identify best practices, and improve business processes.

This approach helps assess the efficiency of performance, in dollar terms. It requires detailed accounting for all expenditures and permits aggregating the information at different levels to suit various decision making purposes. An ABC system integrates not only, performance (both outputs and outcomes), budget, cost, and financial reporting, but also complies fully with applicable accounting standards and GPRA. The Cost Management System provides valuable data for improved decision making by bureau managers and facilitates work process improvement at all levels of the organization because it is linked to work activities.

Constructing the standard set of work activities is the first critical step in the efforts to construct an ABC system. Further, ABC information can be aggregated at GPRA activity levels to help associate appropriations requests to targeted performance, or at lower levels to evaluate unit costs for a specific output; e.g., grant administration. Implementing ABC requires sophisticated programming and disciplined data categorization and entry.

The Department is still in the early stages of converting to ABC. Currently, most of the bureaus have limited capability to examine the full costs of their basic operations. However, the BLM has taken a leadership role to implement activity based costing and now has activity based cost information on its operations. The BLM began its efforts to implement activity based costing (cost management) in 1996 and the Cost Management System was fully implemented and integrated with their official accounting system IN October 1999. Integration with program performance measures is still ongoing.

The BLM's initiatives in developing its Cost Management System and MIS can serve as a prototype for other Interior bureaus attempting to achieve the same results. Two more bureaus, MMS and OSM, will engage in pilot ABC-type efforts beginning in FY 2002 and others will follow as the Department pursues additional tools to improve its performance and budgetary decision process. To help facilitate bureau efforts, the Department's proposed new financial management system that is under design is key to this effort and will be flexible enough to accommodate activity based costing.